



Chapter 12

Stewardship Reporting

The intent of Stewardship Reporting is to present information regarding the entity's stewardship over assets and resources beyond that which can be communicated in financial statements. The presentation of applicable stewardship reports were required beginning in fiscal year 1998.

The information presented in Stewardship Reports is subject to audit procedures including gaining an understanding of the systems and processes that provide the data for the report, in order to assess the completeness and reliability of the data. **See Appendix K for Stewardship Assets Data Request**

SFFAS #8 identifies several types of Stewardship Reports and describes the basic types of data to be presented. The Stewardship Reports that may be applicable to the Department are described below.

1. *Stewardship Assets*: These are assets owned by the reporting entity but which do not have a relevant or identifiable financial value. Stewardship Assets of the Department include:
 - a. Stewardship land, i.e. public domain land, and land used as parks, wildlife refuges and wilderness areas. Nearly all land managed by the Department is stewardship land.

☐ The Department is required to report on the condition of stewardship land. The disclosure will be included in RSSI, with stewardship land being reported either as "acceptable" or as land that "needs intervention". Land is categorized as being in "acceptable" condition when it is adequate for operating needs and the bureau has not identified any improvements to the land that are necessary to prepare and/or sustain the land for its intended use. For example, park lands, wilderness lands, deserts, and land that is underwater due to dams and reservoirs would normally be in acceptable condition.

When a bureau has determined that improvements are necessary for the land itself to meet operating needs, the land is categorized as that which "needs intervention". This categorization would generally pertain to land that is used for special purposes, such as grazing.

- b. Heritage assets, i.e. monuments, museum collections, the National Park System and other national treasures.



2. *Stewardship Investments*: The Federal government incurs many different types of expenses that do not result in the creation of a Federally owned asset, yet which are expected to benefit the nation over time. Stewardship reporting is the vehicle by which agencies may communicate the long-term benefits of these programs and expenses. Stewardship Investments applicable to the Department include:
- a. Investments in Research and Development, i.e. those expenses incurred by an entity that fund basic, applied and/or developmental scientific research.
 - b. Investments in Human Capital, i.e. those expenses that fund education and training programs that are expected to improve the nation's economic capacity. This would include many of the Bureau of Indian Affairs education programs, as well as job corps programs.
 - c. Investments in Non-Federal Physical Property, i.e. those expenses that fund the acquisition or construction of property that the Federal government does not retain title to. This would include the construction of schools, roads and other property that will be owned by Indian Tribes rather than BIA.
- ☐ Required disclosures for investments in research and development and human capital must include performance results, including outputs and outcomes. If performance results are discussed in the MD&A section of the Bureau's annual report, a reference can be made instead of repeating the results. If performance results are not included in the MD&A section of the Bureau's annual report, the results should be reported as part of the Stewardship Investment disclosures.

Stewardship reporting should be limited to activities which are significant in amount and which are fundamental to the agency's mission. Incidental activities, such as small amounts of research and development or a small job corps program, would not normally require stewardship reporting at the bureau level, although this information will be included in the Departmental stewardship reports.

Stewardship Investment disclosures, including Investment in Non-Federal Physical Property, are intended to permit federal agencies to present to the reader of financial reports the long-term benefits to the nation of certain Federal expenditures when those expenditures do not result in an asset owned by the Federal government. Although the standard does not specifically list land as an example of non-federal physical property, investments in land provide a long-term benefit and are similar to the examples provided in the standard, and so the acquisition of land by grantees with Federal dollars is included in the Investment in Non-Federal Physical Property disclosures.

In some cases, a Federal agency provides States and local governments grants that may be used for multiple purposes, including the purchase of non-federal physical property, and the grantee is not required to provide information back to the agency on the exact usage of those dollars. In



this situation, if substantial grant dollars are used for the acquisition of non-federal physical property, the agency will present Investment in Non-Federal Physical Property disclosures. If feasible, a portion of the total grant dollars shall be allocated to the Investment in Non-Federal Physical Property on the basis of an estimate of the proportionate funding of the various grant objectives. If allocation is not feasible, the investment shall be reported on the basis of the predominant use of the grant. In either case, the agency should include textual disclosures which permit the reader to understand the nature of the grants and the long-term benefits to the nation of the grant program.

The auditors will be looking at this area this year to ensure that stewardship reports are prepared where there is significant activity or dollars in a given area. Bureaus will be provided with the reports that will be used to prepare the Stewardship reports. (See Appendix K). These reports should be prepared with third quarter data. Also, bureaus should obtain an agreement with their auditors prior to yearend. Contact PFM if you have any questions or wish to discuss further.